

R E P O R T

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA

JUNE 30, 2012 AND 2011

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA

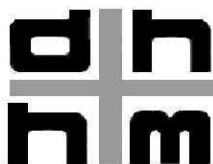
INDEX TO REPORT

JUNE 30, 2012 AND 2011

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 9
FINANCIAL STATEMENTS:	
Statements of Plan Net Assets	10
Statements of Changes in Plan Net Assets	11
Notes to Financial Statements	12 - 24
SUPPLEMENTARY INFORMATION:	
Statements of Changes in Reserve Balances	25 - 26
Schedules of Administrative Expenses	27
Schedules of Per Diem and Travel Expenses to Trustees	28
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Contributions - Employer and Other Sources	29
Schedule of Funding Progress	30
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	
	31 - 32
SUMMARY SCHEDULE OF FINDINGS	33 - 35

WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.
GRADY C. LLOYD, III, C.P.A.

ANN H. HEBERT, C.P.A.



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA C.P.A.'S

MICHAEL J. O'ROURKE, C.P.A.
DAVID A. BURGARD, C.P.A.
HENRY L. SILVIA, C.P.A.

A.J. DUPLANTIER JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., CPA
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

INDEPENDENT AUDITOR'S REPORT

December 7, 2012

Board of Trustees
District Attorneys' Retirement System
State of Louisiana
1645 Nicholson Drive
Baton Rouge, Louisiana 70802-8143

We have audited the statements of plan net assets of the District Attorneys' Retirement System of the State of Louisiana as of June 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District Attorneys' Retirement System of the State of Louisiana as of June 30, 2012 and 2011, and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

1615 Poydras Street, Suite 2100 New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888
1670 Old Spanish Trail Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940
247 Corporate Drive Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833
www.dhlmcpa.com

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The required supplementary information on pages 29-30, as required by the Governmental Accounting Standards Board, and the other supplementary information on pages 25-28 are presented for purposes of additional analysis and are not a required part of the financial statements. The required supplementary information and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the required supplementary information on pages 25-28 and 29-30, respectively, for the years ended June 30, 2012 and 2011 is fairly stated in all material respects in relation to the financial statements as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the District Attorneys' Retirement System of the State of Louisiana's basic financial statements for the years ended June 30, 2007 – 2010, which are not presented with the accompanying financial statements. In our reports dated November 29, 2007, December 18, 2008, December 15, 2009 and January 10, 2011, we expressed unqualified opinions on the respective financial statements. Those audits were conducted for the purpose of forming opinions on the District Attorneys' Retirement System's financial statements as a whole. The required supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2007 – 2010 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information on pages 29 and 30 for the years ended June 30, 2007 – 2010 is fairly stated in all material respects in relation to the respective basic financial statements for the years ended June 30, 2007, 2008, 2009 and 2010.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2012 on our consideration of District Attorneys' Retirement System of the State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

The Management's Discussion and Analysis of the District Attorneys' Retirement System financial performance presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the District Attorneys' Retirement System's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The District Attorneys' Retirement System's assets exceeded its liabilities at the close of fiscal year 2012 by \$262,386,314 which represents an increase from last fiscal year.
- Contributions to the plan by members totaled \$4,059,051, an increase of \$124,945 or 3.18 % from the prior year.
- The fair value of investments reflected a net decrease of \$2,628,645. The net assets held in trust for pension benefits increased by \$10,315,779 or 4.09%.
- The rate of return on the System's investments was 0.92% based on the market value. This is less than the prior year's 19.97 % market rate of return.
- Pension benefits paid to retirees and beneficiaries increased by \$579,919 or 6.74%. This increase is due to an increase in the number of retirees and their benefit amounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the System's basic financial statements, which are comprised of three components:

- Statement of plan net assets,
- Statement of changes in plan net assets, and
- Notes to the financial statements.

This report also contains required supplemental information in addition to the basic financial statements.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The statements of plan net assets report the System's assets, liabilities and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2012 and 2011.

The statement of changes in plan net assets reports the results of the System's operations during the year disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of plan net assets.

FINANCIAL ANALYSIS OF THE SYSTEM

The District Attorneys' Retirement System provides benefits to all eligible employees of the Louisiana Judicial Districts in the State of Louisiana. Employee contributions and earnings on investments fund these benefits.

	Statement of Plan Net Assets	
	<u>June 30, 2012 and 2011</u>	
	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 261,152,381	\$ 251,084,494
Receivables	<u>1,408,670</u>	<u>986,041</u>
Total assets	262,561,051	252,070,535
Total liabilities	<u>174,737</u>	<u>-</u>
Net Assets Held in Trust		
For Pension Benefits	\$ <u>262,386,314</u>	\$ <u>252,070,535</u>

Plan net assets increased by \$10,315,779 or 4.09%. All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The increase in plan net assets was a result of the investment and contribution income exceeding the benefits paid.

	Statement of Changes in Plan Net Assets	
	<u>June 30, 2012 and 2011</u>	
	<u>2012</u>	<u>2011</u>
Additions:		
Contributions	\$ 16,847,362	\$ 15,171,619
Investment income	4,106,519	40,392,681
Other	<u>84,657</u>	<u>141,190</u>
Total additions	21,038,538	55,705,490
Deductions	<u>10,688,601</u>	<u>10,361,251</u>
Increase in Plan Net Assets	\$ <u>10,349,937</u>	\$ <u>45,344,239</u>

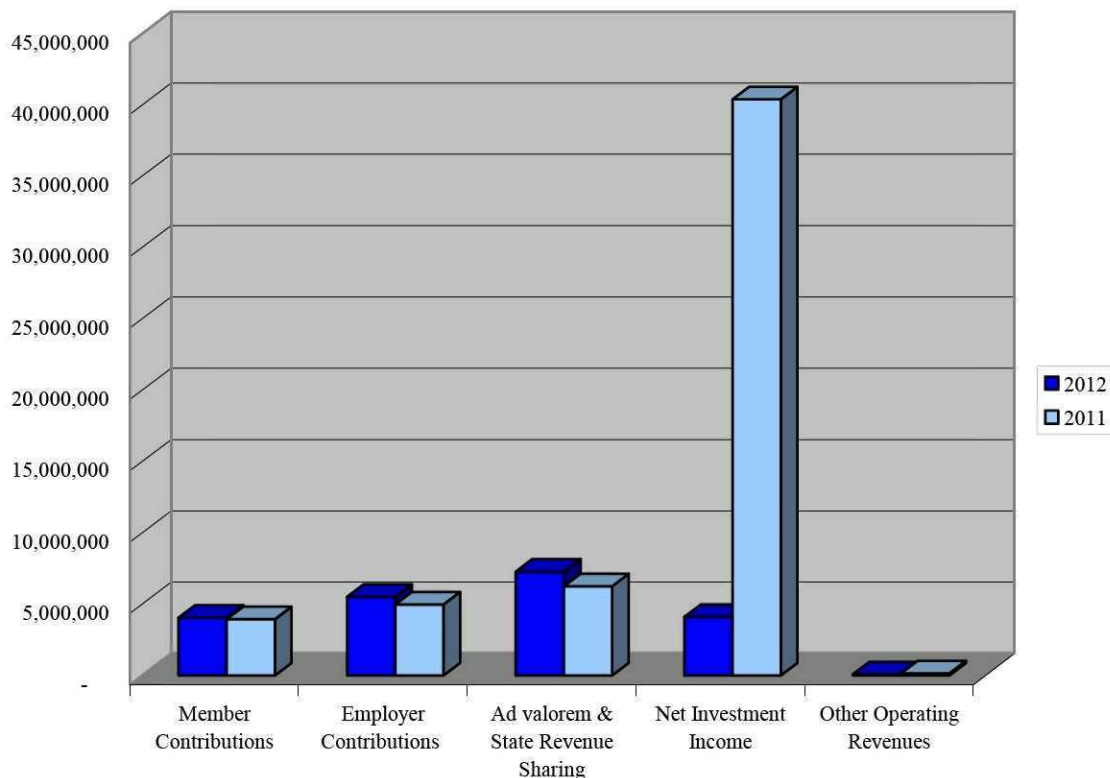
DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF THE SYSTEM (Continued)

Additions to Plan Net Assets

Additions to the System's plan net assets were derived from member and employer contributions, ad valorem taxes and state revenue sharing funds and investment income. The System experienced a net investment gain of \$4,106,519 as compared to a gain of \$40,392,681 in the previous year. The change was mainly due to a decrease in the appreciation of bonds and exchange traded funds.

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Member contributions	\$ 4,059,051	\$ 3,934,106	3.18 %
Employer contributions	5,515,930	4,980,141	10.76
Ad valorem & state revenue sharing	7,272,381	6,257,372	16.22
Net investment income	4,106,519	40,392,681	(89.83)
Other operating revenues	84,657	141,190	(40.04)
Total	<u>\$21,038,538</u>	<u>\$ 55,705,490</u>	



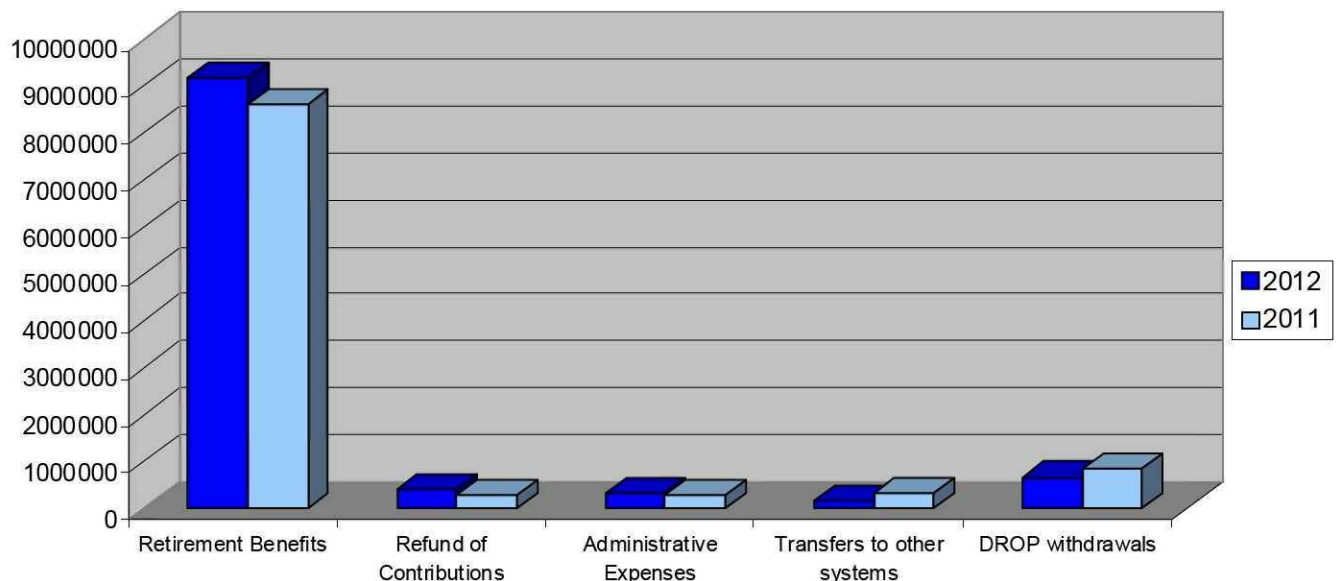
DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF THE SYSTEM (Continued)

Deductions from Plan Net Assets

Deductions from plan net assets include retirement, death and survivor benefits and administrative expenses and transfers to other systems. Deductions from plan net assets totaled \$10,722,759 in fiscal year 2012. The increase in retirement benefit payments to \$9,183,704 from \$8,603,785 is due largely to an increase in the number of retirees and that newer retirees earn higher benefit amounts than previous retirees.

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Retirement benefits	\$ 9,183,704	\$ 8,603,785	6.74 %
Refunds of contributions	385,799	286,575	32.64
Administrative expenses	297,544	273,704	21.19
Transfers to other systems	151,490	339,962	(55.44)
DROP withdrawals	670,064	857,225	(28.83)
Total	<u>\$ 10,688,601</u>	<u>\$ 10,361,251</u>	



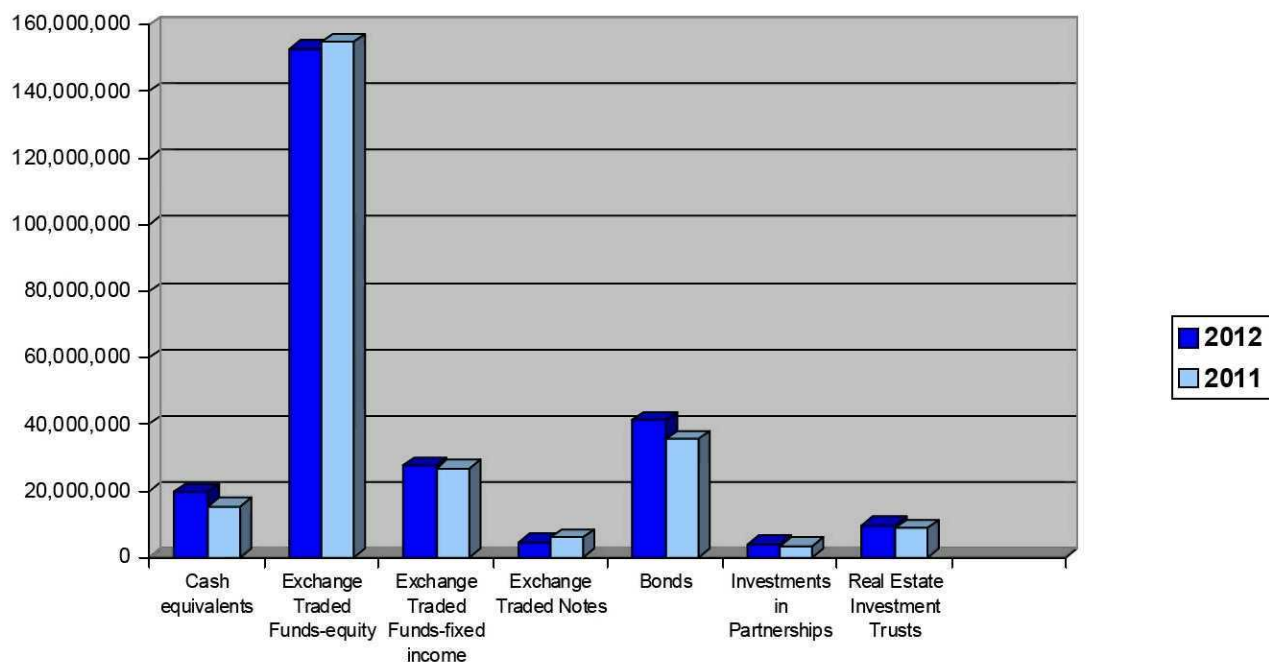
DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF THE SYSTEM (Continued)

Investments

District Attorneys' Retirement System is responsible for the prudent management of funds held in trust for the exclusive benefits of its members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments and cash equivalents at June 30, 2012 were \$259,850,504 as compared to \$250,152,353 at June 30, 2011, which is an increase of \$9,698,151 or 3.88%. The major factor contributing to this increase was the increase in cash equivalents, bonds and investments in partnerships. The System's investments in various markets at the end of the 2012 and 2011 fiscal years are detailed in the following table:

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease) Percentage</u>
Cash equivalents	\$ 19,713,113	\$ 15,239,065	29.36 %
Exchange traded funds-equity	153,053,988	154,937,086	(1.22)
Exchange traded funds-fixed income	27,658,617	26,613,810	3.93
Exchange traded notes	4,607,586	5,880,456	(21.65)
Bonds	41,091,564	35,413,239	16.03
Investments in partnerships	4,034,377	3,350,611	20.41
Real estate investment trusts	9,691,259	8,718,086	11.16
Total	<u>\$ 259,850,504</u>	<u>\$ 250,152,353</u>	



DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to E. Pete Adams, Director, District Attorneys' Retirement System, 1645 Nicholson Drive, Baton Rouge, Louisiana 70802, (225) 267-4824.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash (Note 5)	\$ <u>1,301,877</u>	\$ <u>932,141</u>
Receivables:		
Employer contributions	594,202	387,413
Member contributions	426,606	301,309
Accrued interest and dividends	387,862	297,319
Total	<u>1,408,670</u>	<u>986,041</u>
Investments (At fair value): (Notes 1 and 5)		
Cash equivalents	19,713,113	15,239,065
Bonds:		
Treasury bills	1,499,310	1,494,210
Mortgage backed	15,833,271	17,212,550
Municipal	23,758,983	16,706,479
Investments in partnerships (Note 11)	4,034,377	3,350,611
Exchange traded funds-Equity	153,053,988	154,937,086
Exchange traded funds-Fixed Income	27,658,617	26,613,810
Exchange traded notes	4,607,586	5,880,456
Real estate investment trusts	9,691,259	8,718,086
Total investments	<u>259,850,504</u>	<u>250,152,353</u>
Total assets	<u>262,561,051</u>	<u>252,070,535</u>
LIABILITIES:		
DROP benefits payable	<u>174,737</u>	<u>-</u>
Total liabilities	<u>174,737</u>	<u>-</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u><u>262,386,314</u></u>	\$ <u><u>252,070,535</u></u>

See accompanying notes.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ADDITIONS: (Note 1)		
Contributions:		
Members	\$ 4,059,051	\$ 3,934,106
Employer	5,515,930	4,980,141
Ad valorem taxes	7,060,099	6,109,442
State revenue sharing funds	212,282	147,930
Total contributions	<u>16,847,362</u>	<u>15,171,619</u>
Investment income:		
Interest income	6,295,344	6,005,179
Other investment income	683,766	64,959
Net appreciation (depreciation) in fair value of investments	(2,628,645)	34,543,703
Less investment expense	<u>(243,946)</u>	<u>(221,160)</u>
Net investment income	<u>4,106,519</u>	<u>40,392,681</u>
Other additions:		
Interest - other	44,587	97,891
Transfers from other retirement systems	35,375	21,531
Class action lawsuit settlements	4,695	21,768
Total other additions	<u>84,657</u>	<u>141,190</u>
Total additions	<u>21,038,538</u>	<u>55,705,490</u>
DEDUCTIONS: (Note 1)		
Benefits	9,183,704	8,603,785
DROP withdrawal	670,064	857,225
Refund of contributions	385,799	286,575
Transfers to other retirement systems	151,490	339,962
Administrative expenses (Page 27)	297,544	273,704
Total deductions	<u>10,688,601</u>	<u>10,361,251</u>
NET INCREASE IN PLAN NET ASSETS	10,349,937	45,344,239
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	<u>252,070,535</u>	<u>206,726,296</u>
END OF YEAR	<u>\$ 262,420,472</u>	<u>\$ 252,070,535</u>

See accompanying notes.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

The District Attorneys' Retirement System (System) was created on August 1, 1956 by Act 56 of the 1956 session of the Louisiana Legislature, for the purpose of providing retirement allowances and other benefits for district attorneys and their assistants in each parish. The fund is administered by a Board of Trustees. Benefits, including normal retirement, early retirement, disability retirements and death benefits, are provided as specified in the plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB). These financial statements include the requirements of GASB Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and related standards. GASB 34 requires the inclusion of a management discussion and analysis as supplementary information.

Basis of Accounting:

The System's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the legislature.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities and mortgages traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fair value of investments in partnerships is calculated as the System's percentage of ownership of the partner's capital reported by the partnership. Fair value of investments in real estate investment trusts is calculated based on the System's share of income and expenses as reported by the trust.

2. PLAN DESCRIPTION:

The District Attorneys' Retirement System, State of Louisiana is the administrator of a cost-sharing multiple employer defined benefit pension plan. The System was established on the first day of August, nineteen hundred and fifty-six and was placed under the management of the board of trustees for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. 11, Chapter 3 for district attorneys and their assistants in each parish.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. PLAN DESCRIPTION: (Continued)

All persons who are district attorneys of the State of Louisiana, assistant district attorneys in any parish of the State of Louisiana, or employed by this retirement system and the Louisiana District Attorneys' Association except for elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits, shall become members as a condition of their employment; provided, however, that in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the board for assistant district attorneys. At June 30, 2012 and 2011, the statewide retirement system membership consists of:

	<u>2012</u>	<u>2011</u>
Current retirees and beneficiaries	219	201
Terminated vested members not yet receiving benefits	266	265
Fully vested, partially vested, and non-vested active employees covered	<u>759</u>	<u>761</u>
 TOTAL PARTICIPANTS AS OF THE VALUATION DATE	 <u>1,244</u>	 <u>1,227</u>

Members who joined the System before July 1, 1990, and who have elected not to be covered by the new provisions, are eligible to receive a normal retirement benefit if they have 10 or more years of creditable service and are at least age 62, or if they have 18 or more years of service and are at least age 60, or if they have 23 or more years of service and are at least age 55, or if they have 30 years of service regardless of age. The normal retirement benefit is equal to 3% of the member's average final compensation for each year of creditable service. Members are eligible for early retirement at age 60 if they have at least 10 years of creditable service or at age 55 with at least 18 years of creditable service. Members who retire prior to age 60 with less than 23 years of service credit, receive a retirement benefit reduced 3% for each year of age below 60. Members who retire prior to age 62 who have less than 18 years of service receive a retirement benefit reduced 3% for each year of age below 62. Retirement benefits may not exceed 100% of final average compensation.

Members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement benefit if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. PLAN DESCRIPTION: (Continued)

Disability benefits are awarded to active contributing members with at least 10 years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives a benefit equal to three percent (three and one-half percent for members covered under the new retirement benefit provisions) of his average final compensation multiplied by the lesser of his actual service (not to be less than fifteen years) or projected continued service to age sixty.

Upon the death of a member with less than 5 years of creditable service, his accumulated contributions and interest thereon are paid to his surviving spouse, if he is married, or to his designated beneficiary, if he is not married. Upon the death of any active, contributing member with 5 or more years of service or any member with 23 years of service who has not retired, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with the option factors used as if the member had continued in service to earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children are paid 80% of the member's accrued retirement benefit divided into equal shares. If a member has no surviving spouse or children, his accumulated contributions and interest are paid to his designated beneficiary. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system.

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed sixty dollars per month) and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the board may grant an increase to retirees in the form of "Xx(A&B)" where "A" is equal to the number of years of credited service accrued at retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1.00. In order for the board to grant any of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings.

In lieu of receiving a service retirement allowance, any member who has more years of service than are required for a normal retirement may elect to receive a Back-Deferred Retirement Option Program (Back-DROP) benefit.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. PLAN DESCRIPTION: (Continued)

The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement, the member's maximum monthly retirement benefit is based upon his service, final average compensation, and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In lieu of receiving the lump-sum payment, the member may leave the funds on deposit with the system in an interest bearing account.

Prior to January 1, 2009, eligible members could elect to participate in the Deferred Retirement Option Program (DROP) for up to three years in lieu of terminating employment and accepting a service benefit. During participation in the DROP, employer contributions were payable and employee contributions were reduced to $\frac{1}{2}$ of one percent. The monthly retirement benefits that would have been payable to the member were paid into a DROP account, which did not earn interest while the member was participating in the DROP. Upon termination of participation, the participant in the plan received, at his option, a lump sum from the account equal to the payments into the account or systematic disbursements from his account in any manner approved by the board of trustees. The monthly benefits that were being paid into the DROP would then be paid to the retiree. All amounts which remain credited to the individual's sub-account after termination of participation in the plan were invested in liquid money market funds. Interest was credited thereon as actually earned.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

The System is financed by employee contributions established by state statute at 7% of salary for active members. In addition, the System receives revenue sharing funds as appropriated by the legislature and ad valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the ad valorem taxes shown to be collected. According to state statute, in the event that the contributions from ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee. The direct employer contribution was 9.75% and 9% for the years ended June 30, 2012 and 2011, respectively. The direct employer contribution will be 10.25% for the year ended June 30, 2013.

Administrative costs of the fund are financed through employer contributions.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves:

Use of the term "reserve" by the System indicates that a portion of the net assets are legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Pension Reserve:

The Pension Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the reserve from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve. The Pension Reserve balance as of June 30, 2012 and 2011 was \$97,246,931 and \$84,748,129, respectively, and was fully funded for both years.

B) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. When a member retires, the amount of his accumulated contributions is transferred to the Pension Reserve to provide part of the benefits. The Annuity Savings balance as of June 30, 2012 and 2011 was \$42,724,565 and \$40,655,973, respectively, and was fully funded for both years.

C) Pension Accumulation:

The Pension Accumulation consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve is charged annually with an amount, determined by the actuary, to be transferred to the Pension Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation balance as of June 30, 2012 and 2011 was \$120,609,531 and \$121,166,980, respectively. The balance was 95% and 99% funded at June 30, 2012 and 2011, respectively.

D) Back Deferred Retirement Option Plan Account:

The Back Deferred Retirement Option Plan (Back DROP) Account receives and holds the retirement benefits deposited on behalf of DROP participants at time of retirement. A participant may receive a lump sum payment of the Back DROP deposit or systematic disbursements approved by the board of trustees. The Back DROP account balance as of June 30, 2012 and 2011 was \$7,360,728 and \$7,104,059, respectively, and was fully funded for both years.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

4. ACTUARIAL COST METHOD:

The Aggregate Actuarial Cost Method was used to calculate the funding requirements of the District Attorneys' Retirement System for the valuations for the fiscal years ended June 30, 2012 and 2011. This funding method allocates pension costs as a level percentage of payroll over the future working lifetime of current members. The Aggregate Actuarial Cost Method produces no unfunded accrued liability. Under the Aggregate Actuarial Cost Method, actuarial gains and losses are spread over future normal costs. Any experience more favorable than the actuarial assumptions will reduce future normal costs; any experience less favorable than assumptions will increase future normal costs. Changes in plan benefits as well as changes in actuarial assumptions are also funded over future normal costs.

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Cash (bank balance)	\$ 1,343,061	\$ 985,295
Cash equivalents	19,713,113	15,239,065
Investments	<u>240,137,391</u>	<u>234,913,288</u>
	<u>\$ 261,193,565</u>	<u>\$ 251,137,648</u>

Deposits:

The System's bank deposits were fully covered by federal depository insurance and pledged securities held in the name of the System.

Cash Equivalents:

At June 30, 2012 and 2011, cash equivalents in the amount of \$11,236,309 and \$6,843,622, respectively, are held by a sub-custodian, are managed by a separate money manager and are in the name of the System's custodian department.

At June 30, 2012 and 2011, cash equivalents in the amount of \$8,476,804 and \$8,395,443, respectively, consist of government pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP), held by a custodial bank and are in the name of the System. All of LAMP's investments are AAAM rated by S&P.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments:

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the system to act with care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. For the years ended June 30, 2012 and 2011, the System shall not invest more than sixty-five percent of the total portfolio in equity investments, as a result of legislation enacted during the 2004 regular session. At June 30, 2012 and 2011, the System was in compliance with this legislation.

At June 30, 2012 and 2011, all investments except investments in partnerships and real estate investment trusts (REITs) are held in safekeeping by Fidelity Investments in Cincinnati, Ohio.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy states that no more than 5% (of cost) of the assets assigned to an investment manager may be invested in the securities of one issuer. This restriction applies to active investment management programs and does not apply to Index Funds or Exchange Traded Funds as they are diversified investment pools by definition and practice. At June 30, 2012 and 2011, there were no investments other than Exchange Traded Funds which exceeded 5% of net assets available for benefits or 5% of the assets assigned to an investment manager.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the System's investments in long-term debt securities at June 30, 2012 and 2011:

<u>June 30, 2012</u>			
<u>Investment</u> <u>Type</u>	<u>Fair Value</u>	<u>U.S. Government and Agency Obligations and Mortgage-Backed Securities</u>	
		<u>Other Bonds</u>	
AAA	\$ 3,647,280	\$ -	\$ 3,647,280
AA+	4,117,026	868,364	3,248,662
AA	3,967,531	-	3,967,531
A+	1,458,008	-	1,458,008
A	1,074,220	-	1,074,220
AA-	4,868,965	-	4,868,965
BBB	621,216	-	621,216
Not Rated	<u>21,337,318</u>	<u>16,464,217</u>	<u>4,873,101</u>
	<u>\$ 41,091,564</u>	<u>\$ 17,332,581</u>	<u>\$ 23,758,983</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

June 30, 2011

Investment Type	Fair Value	U.S. Government and Agency Obligations and Mortgage-Backed	
		Securities	Other Bonds
AAA	\$ 1,698,210	\$ -	\$ 1,698,210
AA+	4,163,607	859,173	3,304,434
AA	1,624,780	-	1,624,780
A+	1,258,115	-	1,258,115
A	526,910	-	526,910
AA-	3,803,023	-	3,803,023
BBB	627,947	-	627,947
Not Rated	<u>21,710,647</u>	<u>17,847,587</u>	<u>3,863,060</u>
	<u>\$ 35,413,239</u>	<u>\$ 18,706,760</u>	<u>\$ 16,706,479</u>

The System also invests in a bond fund with balances of \$27,658,617 and \$26,613,810 at June 30, 2012 and 2011, respectively. The bond fund's credit quality rating had a range of Aaa – Baa as of June 30, 2012 and 2011.

The System's investment policy regarding credit risk requires each investment manager to closely monitor the investment credit ratings and to report any concerns to the investment consultant and the Board.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The System is exposed to custodial credit risk for investments in the amount of \$226,411,755 and \$222,844,591 at June 30, 2012 and June 30, 2011, respectively, as the assets are not held in a nominee name or in the name of the System. The assets are held in a Fidelity custodial account.

The System has \$11,236,309 and \$6,843,622 as of June 30, 2012 and 2011, respectively, in cash equivalents, which is exposed to custodial credit risk since the investment is held in the name of the System's custodian's trust department.

The System's policy to mitigate the custodial credit risk is to obtain the custodian's audited financial statements, SAS 70 report and supplemental information as well as documentation outlining SIPC and supplemental insurance coverage. This information will be reviewed by the investment consultant.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. The System had the following investments in long-term debt securities and maturities in years:

June 30, 2012

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>Greater than 10</u>
U.S. Government and Agency Obligations and Mortgage-Backed Securities	\$ 17,332,581	\$ 1,499,310	\$ 868,364	\$ 31,715	\$ 14,933,192
Other bonds	<u>23,758,983</u>	<u>-</u>	<u>1,326,810</u>	<u>5,840,855</u>	<u>16,591,318</u>
	<u>\$ 41,091,564</u>	<u>\$ 1,499,310</u>	<u>\$ 2,195,174</u>	<u>\$ 5,872,570</u>	<u>\$ 31,524,510</u>

June 30, 2011

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>Greater than 10</u>
U.S. Government and Agency Obligations and Mortgage-Backed Securities	\$ 18,706,760	\$ 503,085	\$ 1,494,210	\$ 894,031	\$ 15,815,434
Other bonds	<u>16,706,479</u>	<u>-</u>	<u>1,812,892</u>	<u>5,743,001</u>	<u>9,150,586</u>
	<u>\$ 35,413,239</u>	<u>\$ 503,085</u>	<u>\$ 3,307,102</u>	<u>\$ 6,637,032</u>	<u>\$ 24,966,020</u>

The System also invests in a bond fund with balances of \$27,658,617 and \$26,613,810 at June 30, 2012 and 2011, respectively. The average portfolio duration of this bond fund ranges from 2.8 to 7.3 years and 2.7 to 7.3 years at June 30, 2012 and 2011, respectively.

The System invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

The System's policy regarding interest rate risk requires each investment manager to closely monitor the maturities and interest rates of investments and to report any concerns to the investment consultant and the Board.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

6. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

7. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

Information in the Required Supplementary Schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 29-30.

8. OFFICE LEASING:

The System leases office space on a month-to-month basis. Monthly rent was \$2,000 for each of the years ended June 30, 2012 and 2011. Total rent expense for the years ended June 30, 2012 and 2011 was \$24,000 and \$24,000, respectively.

9. TRANSACTIONS WITH RELATED ORGANIZATION:

The System shares certain common functions and costs with the Louisiana District Attorney's Association (LDAA). The LDAA provides office space, office equipment, administrative and accounting services for the System. The System incurred \$155,612 and \$139,715 during the years ended June 30, 2012 and 2011, respectively, in costs associated with the LDAA.

10. ENGAGEMENT APPROVAL:

The audit engagement of the System has been approved by the Legislative Auditor of the State of Louisiana, in accordance with state statutes.

11. INVESTMENT IN PARTNERSHIPS:

The System has committed to invest \$3,000,000 in two Louisiana Partnerships. \$1,000,000 was committed to Louisiana Fund I, L.P. with \$860,000 in capital invested at June 30, 2012 and 2011. \$2,000,000 was committed to Louisiana Ventures, L.P. with \$1,900,000 in capital invested at June 30, 2012 and 2011.

Both partnerships were formed to provide equity capital for medical technology research. Net income or loss is allocated to capital accounts of the partners in proportion to their respective capital accounts. The System's share of the partnership gains was \$683,766 and \$64,959 for the years ended June 30, 2012 and 2012, respectively. These amounts are included in investment income.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

12. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:

The required schedule of funding progress immediately following the notes to the financial statements presents additional, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The funded status of the System as of the June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Value of <u>Assets</u> (a)	Actuarial Accrued Liability AAL (Entry Age) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
\$ 267,941,755	\$ 322,042,310	\$ 54,100,555	83.20%	\$ 55,977,999	96.65%

The actuarial required contribution to the plan is calculated using the aggregate actuarial cost method. Because the aggregate actuarial cost method does not separately amortize unfunded actuarial accrued liabilities, information about the plan's funded status was calculated using the entry age actuarial cost method as a surrogate for the funded status and funding progress of the plan.

The information presented in the Schedule of Contributions - Employer and Other was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2012
Actuarial Cost Method	The Aggregate Actuarial Cost Method with allocation based on earnings. (This method does not identify and separately amortize unfunded actuarial liabilities.)
Asset Valuation Method:	Based on the market value of assets adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.
Actuarial Assumptions:	
Investment Rate of Return	7.5% (Net of Investment Expense)
Projected Salary Increases	6.5% (3.00% Inflation, 3.50% Merit)

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

12. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN: (Continued)

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increase. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
----------------------------	--

Actuarial Required Contributions-Employer	State statute requires that employer rates be set one year in advance, based on current actuarial assumptions. To the extent that prospective experience differs from that assumed, adjustments are made to subsequent contribution levels to account for previous contribution excesses or shortages. Accordingly, actual contributions for a certain fiscal period may not correlate to required amounts, but the difference is adjusted in the subsequent period.
--	--

Change in Actuarial Assumptions	For the year ended June 30, 2012, valuation interest rate was reduced from 8% to 7.5% and the assumed rate of salary increase was reduced from 6.75% to 6.5%.
---------------------------------	---

Changes in Normal Costs	For the year ended June 30, 2012, the System incurred an increase in normal cost in the amount of \$4,559,729. This increase was due to asset experience and assumption losses. The increase was offset by a decrease in normal cost in the amount of \$3,942,304 due to liability experience, new hires, benefit gains and contribution gains.
-------------------------	---

For the year ended June 30, 2011, the System incurred an increase in normal cost in the amount of \$1,975,394. This increase was due to asset experience and contribution losses. The increase was offset by a decrease in normal cost in the amount of \$1,339,074 due to liability experience and new hires.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

13. CHANGES IN PLAN PROVISIONS:

The following changes in plan provisions were enacted during the 2012 Regular Session of the Louisiana Legislature:

- A) **Act 237** changes the membership of the board of trustees by adding an additional active and contributing member and requiring that at least one member be an assistant district attorney.
- B) **Act 515** increases the employee contribution rate from 7.0% to 8.0% effective January 1, 2013. It also changes the average final compensation calculation from a 36-month (three year) average to a 60-month (five year) average with a phase in period ending December 31, 2014.
- C) **Act 523** includes provisions to comply with IRS qualification requirements. It also provides additional survivor benefits in the case of a death of a member on or after January 1, 2007, while performing military service. This act becomes effective January 1, 2013 pending IRS approval.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Pension Reserve</u>	<u>Annuity Savings</u>	<u>DROP</u>	<u>Pension Accumulation</u>	<u>Unfunded Actuarial Liability</u>	<u>Total</u>
BALANCES, JULY 01, 2011	\$ <u>84,748,129</u>	\$ <u>40,655,973</u>	\$ <u>7,104,059</u>	\$ <u>121,166,980</u>	\$ <u>(1,604,606)</u>	\$ <u>252,070,535</u>
REVENUES AND TRANSFERS:						
Contributions:						
Member	-	4,059,051	-	-	-	4,059,051
Employer	-	-	-	5,515,930	-	5,515,930
Ad valorem taxes and state revenue sharing funds	-	-	-	7,272,381	-	7,272,381
Transfers from annuity savings	2,244,143	-	-	-	-	2,244,143
Transfers from other systems	-	17,031	-	18,344	-	35,375
Pensions transferred from pension reserve	-	-	926,733	-	-	926,733
Interest on accumulated savings	-	647,901	-	-	-	647,901
Net gain from investments and other sources	-	-	-	3,824,099	-	3,824,099
Actuarial transfers	<u>20,365,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,365,096</u>
Total revenues and transfers	<u>22,609,239</u>	<u>4,723,983</u>	<u>926,733</u>	<u>16,630,754</u>	<u>-</u>	<u>44,890,709</u>
EXPENSES AND TRANSFERS:						
Retirement allowances paid	9,183,704	-	670,064	-	-	9,853,768
Refunds to members	-	385,799	-	-	-	385,799
Transfers to pension reserve	-	2,244,143	-	-	-	2,244,143
Transfers to other systems	-	25,449	-	126,041	-	151,490
Pensions transferred to DROP	926,733	-	-	-	-	926,733
Interest transferred to annuity savings	-	-	-	647,901	-	647,901
Actuarial transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,414,261</u>	<u>3,950,835</u>	<u>20,365,096</u>
Total expenses and transfers	<u>10,110,437</u>	<u>2,655,391</u>	<u>670,064</u>	<u>17,188,203</u>	<u>3,950,835</u>	<u>34,574,930</u>
NET INCREASE (DECREASE)	<u>12,498,802</u>	<u>2,068,592</u>	<u>256,669</u>	<u>(557,449)</u>	<u>(3,950,835)</u>	<u>10,315,779</u>
BALANCES - JUNE 30, 2012	\$ <u><u>97,246,931</u></u>	\$ <u><u>42,724,565</u></u>	\$ <u><u>7,360,728</u></u>	\$ <u><u>120,609,531</u></u>	\$ <u><u>(5,555,441)</u></u>	\$ <u><u>262,386,314</u></u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Pension Reserve</u>	<u>Annuity Savings</u>	<u>DROP</u>	<u>Pension Accumulation</u>	<u>Unfunded Actuarial Liability</u>	<u>Total</u>
BALANCES, JULY 01, 2010	\$ <u>76,116,462</u>	\$ <u>38,071,926</u>	\$ <u>7,439,354</u>	\$ <u>116,519,884</u>	\$ <u>(31,421,330)</u>	\$ <u>206,726,296</u>
REVENUES AND TRANSFERS:						
Contributions:						
Member	-	3,934,106	-	-	-	3,934,106
Employer	-	-	-	4,980,141	-	4,980,141
Ad valorem taxes and state revenue sharing funds	-	-	-	6,257,372	-	6,257,372
Transfers from annuity savings	1,594,185	-	-	-	-	1,594,185
Transfers from other systems	-	7,235	-	14,296	-	21,531
Pensions transferred from pension reserve	-	-	521,930	-	-	521,930
Interest on accumulated savings	-	602,372	-	-	-	602,372
Net gain from investments and other sources	-	-	-	40,238,636	-	40,238,636
Actuarial transfers	<u>16,163,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,816,724</u>	<u>45,979,921</u>
Total revenues and transfers	<u>17,757,382</u>	<u>4,543,713</u>	<u>521,930</u>	<u>51,490,445</u>	<u>29,816,724</u>	<u>104,130,194</u>
EXPENSES AND TRANSFERS:						
Retirement allowances paid	8,603,785	-	857,225	-	-	9,461,010
Refunds to members	-	286,575	-	-	-	286,575
Transfers to pension reserve	-	1,594,185	-	-	-	1,594,185
Transfers to other systems	-	78,906	-	261,056	-	339,962
Pensions transferred to DROP	521,930	-	-	-	-	521,930
Interest transferred to annuity savings	-	-	-	602,372	-	602,372
Actuarial transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,979,921</u>	<u>-</u>	<u>45,979,921</u>
Total expenses and transfers	<u>9,125,715</u>	<u>1,959,666</u>	<u>857,225</u>	<u>46,843,349</u>	<u>-</u>	<u>58,785,955</u>
NET INCREASE (DECREASE)	<u>8,631,667</u>	<u>2,584,047</u>	<u>(335,295)</u>	<u>4,647,096</u>	<u>29,816,724</u>	<u>45,344,239</u>
BALANCES - JUNE 30, 2011	\$ <u>84,748,129</u>	\$ <u>40,655,973</u>	\$ <u>7,104,059</u>	\$ <u>121,166,980</u>	\$ <u>(1,604,606)</u>	\$ <u>252,070,535</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Auditing	\$ 19,715	\$ 19,475
Bank Charges	2,438	2,138
Computer services	12,038	7,638
Dues	300	-
Expense of board meetings	5,483	3,868
Equipment leasing and maintenance	564	-
Legal	34,158	-
Miscellaneous	82	1,257
Office supplies and printing	6,965	3,920
Postage	3,216	917
Rent	24,000	24,000
Retainer fees	28,320	29,099
Salaries and fringe benefits	169,948	158,220
Surety bond	9,746	9,746
Telephone	7,259	7,081
Travel - convention and conference	<u>7,470</u>	<u>6,345</u>
TOTAL	\$ <u><u>331,702</u></u>	\$ <u><u>273,704</u></u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF PER DIEM AND TRAVEL EXPENSES TO TRUSTEES
JUNE 30, 2012 AND 2011

2012					
<u>Trustee</u>	<u>Number of Meetings Attended</u>	<u>Number of Meetings Paid</u>	<u>A M O U N T S P A I D</u>		
			<u>Meetings</u>	<u>Travel</u>	<u>Total</u>
David Burton	4	4	\$ 300	\$ -	\$ 300
Reed Walters	4	4	300	-	300
Houston Gascon	4	4	300	-	300
Van Kyzar	4	4	300	-	300
Anthony Falterman	4	4	300	351	651
Darryl Brubrig	3	3	<u>225</u>	<u>393</u>	<u>618</u>
			\$ <u>1,725</u>	\$ <u>744</u>	\$ <u>2,469</u>

2011					
<u>Trustee</u>	<u>Number of Meetings Attended</u>	<u>Number of Meetings Paid</u>	<u>A M O U N T S P A I D</u>		
			<u>Meetings</u>	<u>Travel</u>	<u>Total</u>
David Burton	4	4	\$ 300	\$ -	\$ 300
Reed Walters	4	4	300	-	300
Houston Gascon	4	4	300	-	300
Van Kyzar	4	4	300	-	300
Anthony Falterman	4	4	300	863	1,163
Darryl Brubrig	2	2	<u>150</u>	<u>176</u>	<u>326</u>
			\$ <u>1,650</u>	\$ <u>1,039</u>	\$ <u>2,689</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2007 THROUGH JUNE 30, 2012

<u>Fiscal Year</u>	<u>Actuarial Required Contributions Employer</u>	<u>Actuarial Required Contributions Other Sources</u>	<u>Percent Contributed Employer</u>	<u>Percent Contributed Other Sources</u>
2007	\$ -	\$ 4,180,941	- %	110.42 %
2008	-	4,325,893	-	101.90
2009	2,225,073	4,666,051	-	104.60
2010	4,499,912	6,346,155	59.96	94.66
2011	5,301,656	6,533,572	93.94	95.77
2012	5,864,631	6,619,412	94.05	109.86

The actuarially required contribution differs from actual contributions made due to state statute that requires the contribution rate be calculated and set two years prior to the year effective.

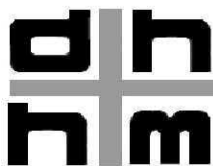
DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEARS ENDED JUNE 30, 2008 THROUGH 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>		<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2008	\$ 227,804,058	\$ 234,602,945	\$ 6,798,887	97.10	%	\$ 47,592,254	14.29 %
June 30, 2009	221,051,999	257,780,611	36,728,612	85.75		50,472,941	72.88
June 30, 2010	238,147,626	281,017,020	42,869,394	84.74		53,846,265	79.61
June 30, 2011	253,675,141	300,367,838	46,692,697	84.45		55,359,672	84.34
June 30, 2012	267,386,314	322,042,310	54,655,996	83.20		55,977,999	97.64

The above actuarial valuation of assets, actuarial accrued liability and unfunded amount were calculated using the entry age actuarial cost method which is different from the actuarial method used for funding purposes. The above schedule is to provide a surrogate for the funding status and funding of the plan.

WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.
GRADY C. LLOYD, III, C.P.A.

ANN H. HEBERT, C.P.A.



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA C.P.A.'S

MICHAEL J. O'ROURKE, C.P.A.
DAVID A. BURGARD, C.P.A.
HENRY L. SILVIA, C.P.A.

A.J. DUPLANTIER JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., CPA
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 7, 2012

Board of Trustees
District Attorneys' Retirement System
State of Louisiana
1645 Nicholson Drive
Baton Rouge, Louisiana 70802-8143

We have audited the financial statements of the District Attorneys' Retirement System of the State of Louisiana as of and for the year ended June 30, 2012 and have issued our report thereon dated December 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of District Attorneys' Retirement System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered District Attorneys' Retirement System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorneys' Retirement System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District Attorneys' Retirement System's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

1615 Poydras Street, Suite 2100 New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888
1670 Old Spanish Trail Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940
247 Corporate Drive Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833

www.dhlmcpa.com

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings as 2012-01 and 2012-02, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The System's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the System's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Trustees, management, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of District Attorneys' Retirement System State of Louisiana for the year ended June 30, 2012 was unqualified.
2. Internal Control
Material weaknesses: None
Significant deficiencies: 2012-01 and 2012-02
3. Compliance and Other Matters
None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

Finding No. 2012-01 Journal Entries:

Statement of

- | | |
|-----------------|--|
| Condition: | As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries. Journal entries were required for financial statement misstatements related to accruals and investment activity. This condition is intentional by management based on the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the adjusting journal entries. |
| Criteria: | Generally accepted auditing standards consider preparation of year-end adjusting entries to be significant deficiencies in internal control. |
| Cause: | Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a significant deficiency in internal control. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. The System has relied on its auditors to identify and correct financial statement misstatements. |
| Recommendation: | As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies under SAS 115. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary. |

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS: (Continued)

Finding No. 2012-01 Journal Entries: (Continued)

Response: In response to the finding, management feels that it is a prudent use of System funds to engage the auditor to prepare the System's year-end adjusting journal entries. We therefore agree with the auditor's recommendation that no corrective action is necessary.

Finding No. 2012-02 Preparation of Financial Statements

Statement of

Condition: As is common in small organizations, management has chosen to engage the auditor to prepare the System's annual financial statements. This condition is intentional by management based upon the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Criteria: Generally accepted auditing standards consider that the lack of a complete GAAP financial reporting package could prevent those charged with governance from identifying misstatements in a timely manner which could result in misstated or incomplete financial statements and is thereby considered to be a significant deficiency in internal control.

Cause: Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a significant deficiency in internal control. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. The System has relied on its auditors to assist management in the preparation of draft financial statements.

Recommendation: As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and, accordingly, do not believe any corrective action is necessary.

Response: In response to the finding, management feels that it is a prudent use of System funds to engage the auditor to prepare the System's annual financial statements. We therefore agree with the auditor's recommendation that no corrective action is necessary.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF PRIOR YEAR FINDINGS:

2011-01 Journal Entries

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries. Journal entries were required for financial statement misstatements related to accruals and investment activity. This condition is intentional by management based on the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the adjusting journal entries. This comment is repeated in the current year as 2012-01.

2011-02 Preparation of Financial Statements

As is common in small organizations, management has chosen to engage the auditor to prepare the System's annual financial statements. This condition is intentional by management based upon the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. This comment is repeated as 2012-02 in the current year.

2011-03 Annuity Savings Reconciliation

During the prior year, the System underwent a software conversion on the annuity savings database. The implementation of the new software created difficulties in reconciling the annuity savings report to the general ledger. In the current year, the difficulties with the new software have been resolved and annuity savings was reconciled on a regular basis by the System. Because the annuity savings database is now reconciled with the general ledger, this finding is resolved in the current year.

2011-04 Filing of 2011 Audit Report

Louisiana Revised Statute 24:513 states that audits should be completed within six months of the close of the System's fiscal year. Because of the implementation of a new software system, the System was not able to reconcile the data with the actuary in a timely manner which delayed the completion of the fiscal year 2011 audit report. All issues with the new software have been resolved and the fiscal year 2012 audit was completed within the time prescribed by Louisiana Revised Statute 24:513. This finding is resolved in the current year.